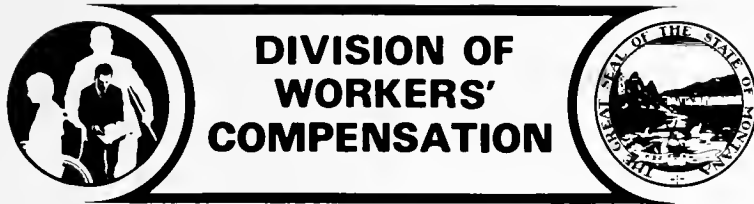
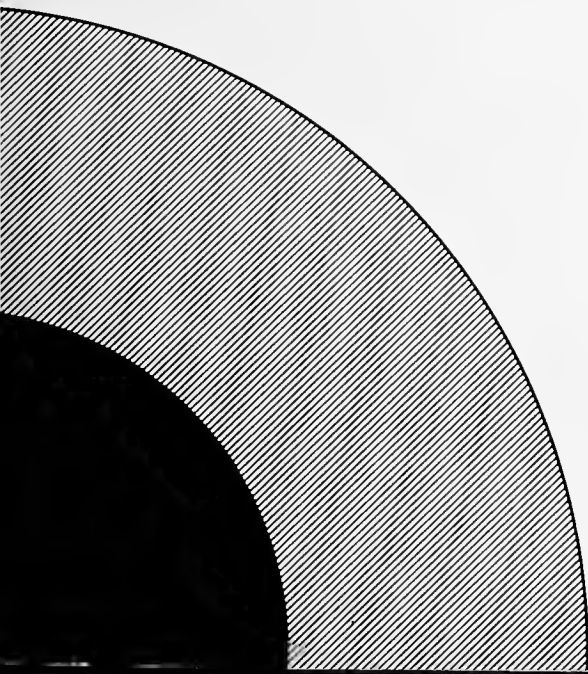


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ANNUAL REPORT

FISCAL 1986



FEB 1 1986



DEPARTMENT OF LABOR & INDUSTRY

DIVISION OF WORKERS' COMPENSATION



TED SCHWINDEN, GOVERNOR

MARGARET "PEG" CONDON BLDG
5 SO. LAST CHANCE GULCH

STATE OF MONTANA

January 1987

HELENA, MONTANA 59601

Governor Ted Schwinden
GOVERNOR'S OFFICE
State Capitol Building
Helena, MT 59620

Dear Governor Schwinden:

As required by Section 39-71-210, MCA, I am transmitting the "Annual Report" of the Division of Workers' Compensation for the year ending June 30, 1986.

Fiscal 1986 was extremely active for workers' compensation in Montana. System reform, insolvencies, court decisions, premium rates, and litigation are some of the topics that highlighted the program this year.

The format of this report varies slightly from prior publications in that it attempts to summarize the year's events in both narrative and financial terms. Recommendations for system improvements will be submitted separately.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Robert J. Robinson".

ROBERT J. ROBINSON
Administrator

RJR/bac

enclosure

Administration
406-444-6518

Division Telephones:
Insurance Compliance
406-444-6530

Safety
406-444-6401

"AN EQUAL OPPORTUNITY EMPLOYER"

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SECTION I

WORKERS' COMPENSATION — 1985-86

Reform Legislation — The Governor's Advisory Council, established in January of 1985, was given the responsibility to review the provisions of the current Act and make recommendations for revision. Significantly amended in the early 1970's, subsequent legislative amendments along with various court decisions, have created a need for a complete review of the law to ensure that the needs of injured workers are adequately met at a reasonable cost to employers. The 20-member Council, representing a wide range of interests in the system, essentially completed their task in June of '86 and issued a report entitled, "Recommendations for Changes in the Montana System." The Council anticipates publishing a "Supplemental Report" which will address additional topics for reform.

In the meantime, the Division of Workers' Compensation, in cooperation with departmental officials, has carefully followed the proceedings of the Advisory Council. In its effort to assist the reform process, the Division proposed alternative suggestions to the Council. Suggestions focused on the definition of "normal labor market", benefits for partial injuries, lump sum payments, the goal of rehabilitation in the workers' compensation system, and a quasi-judicial board to replace the current court. The Division's recommendations will be transmitted as draft legislation.

All parties involved in the system agree on the need for reform. The degree and the specifics of new legislation are the only issues. Generally, the topics covered in the Council's analysis of the system involved Workers' Compensation Court, definitions used in the Act, filing fraudulent claims, coverage liability of insurers, the Uninsured Employers' Fund, attorneys' fees, injured worker preference, temporary total disability, continuing total disability, permanent partial disability, benefits for incarcerated claimants, death benefits, settlements and lump sum payments, rehabilitation and reemployment, and self-insurer solvency. Topics the Council felt needed additional time and will address in their "Supplemental Report" involve safe work place incentives, control of medical and hospital costs, occupational disease, liability apportionment, legal fees, the liberal construction clause, deductible insurance plans, temporary total disability, reciprocity with neighboring states, definition of wages, and the course and scope of employment for commuting employees.

If enacted by the 1987 Legislature, the amendments will have a significant impact on Montana's workers' compensation system.

Accident Trends — The incidence of injury and illness in Montana has significantly decreased over the last ten years from 10.4 cases per 100 full-time employees to 8.5 cases as determined by the last completed Bureau of Labor Statistics survey. Montana's 8.5 rate compares favorably with three neighboring states who reported incidence rates of 10.6, 8.6, and 9.2 for the same period. The percentage of the civilian labor force having accidents has dropped from 8.8 in 1976 to 7.7 in 1985. The number of accidents reported by all employers has decreased steadily from a peak of 34,700 accidents in 1980 to 28,600 this year.

It also appears that lost-time injuries have been on the decline. Over the last ten years they peaked in 1980 at 10,300; whereas, slightly more than 9,000 were reported for the fiscal year ending June 30, 1986.

Montana incidence rates of occupational injuries are still slightly higher than the national average. Montana experienced an 8.3 incidence rate per 100 employees in 1983. The national average was 7.6. Lost work days for the same period indicated the national average was 58.5, and Montana experienced 69.5.

Although studies indicate that there has been a decline in injuries and accidents in the Montana work place, other studies indicate that injured workers are drawing wage-loss benefits for a longer period of time. In 1976, for example, 15.5 percent of the injured workers drawing wage-loss benefits from the State Fund were compensated for more than twelve weeks. By 1982, the number compensated for more than twelve weeks had grown to 19 percent of the total, while for the fiscal year ending 1985, the number had grown to 36.5 percent of the total. It appears there is a significant change between 1976 and 1985, in that injured workers are drawing wage-loss benefits for a much longer period of time now than they did ten years ago.

1985 Law Changes — The 49th Legislature enacted a number of changes during the 1985 session impacting workers' compensation. Officials, including timers, referees, or judges at amateur school athletic events were exempted from coverage; and persons engaging in the direct sale of consumer products, primarily in the home, were relieved from making application as independent contractors. Coverage was extended to air search and rescue volunteers working within the Department of Commerce. Another amendment expanded the remedies available to injured workers whose employer had no workers' compensation coverage.

Several bills dealt with benefits, the most significant of which was Senate Bill 281, which allowed a 7% present value discount and established criteria for all permanent total lump sum settlements. Another bill allowed lump sum advances on future indemnity benefits during the temporary total payment period. Another bill allowed concurrent payment of indemnity benefits and temporary total benefits and redefined "temporary total payment period" to include the time in which an injured worker is enrolled in a vocational rehabilitation program. Two bills addressed medical services — one licensed social workers to provide mental health services and another provided for medical panels and regulation of medical fees through a relative value fee schedule.

Additional legislation allowed groups of employers to self-insure under restricted circumstances, and another limited attorney fees on court awards to an hourly rate for actual hours worked by the attorney for his client.

New safety legislation provided for licensing of persons who use explosives in the demolition or construction of buildings and other purposes.

Litigation — The number of contested issues during this year increased substantially over what was considered "normal" in past years. Primarily, issues dealt with contested decisions involving payment of benefits for work injury claims. One case, however, involved the Division's jurisdiction to enforce the mandatory coverage required by the Workers' Compensation Act. When a forest products firm was cancelled for nonpayment of premium, it decided to self-insure but failed to seek the authorization to do so. Upon learning of the circumstances, the Division issued an order requiring the firm to cease operations until it obtained proper coverage. When the firm ignored the closure order, the Division requested and was granted by the District Court, an injunction enjoining the firm from violating the order. After a court appearance, the firm obtained coverage and the Division requested dismissal of the complaint.

In November, 1984, the Supreme Court decided in the case of Willis v. State Compensation Insurance Fund that a lump sum of permanent total benefits cannot be reduced to present value. The 1985 Legislature amended Section 39-71-741, MCA, to provide for a reduction of such benefits to present value and a procedure for showing a claimant's entitlement to a lump sum. Later in 1985, in the cases of Stelling v. State Compensation Insurance Fund and Buckman v. State Compensation Insurance Fund, the Workers' Compensation Court declared the discount provision unconstitutional as applied to cases where the injury occurred prior to the effective date of the amended statute, April 15, 1985. The cases were appealed, and the Supreme Court found in the Buckman case that the discount and the procedural provisions of the amended statute were unconstitutional as applied to cases where the injury occurred prior to April 15, 1985. This decision exposes the State Fund to an additional potential liability of \$20 to \$30 million over current reserves.

Insurance Carriers & Self Insurers — The number of firms qualifying to self-insure grew from 48 to 54 by year end. Two of the new firms represented groups of employers, the Montana League of Cities & Towns, and the Montana Association of Counties. One self-insurer, Great Western Sugar, declared bankruptcy, while eight private insurers were declared insolvent, in rehabilitation or under special reporting orders. The number of firms covered by private carriers declined 3% from 8,725 to 8,470, while the number of insurance carriers authorized to write workers' compensation insurance increased from 218 to 221.

Administrative Rules — The Division is authorized by law to adopt rules in order to implement the statutes for which it has responsibility. During the year, new rules affected three areas: a.) Lump sum procedures rules, implementing legislative amendments to Section 39-71-741, MCA; b.) attorney fee rules setting maximum limits on fees which can be charged, implementing legislative amendments to Section 39-71-612 and 614, MCA; c.) relative value fee schedule rules for medical fees charged in workers' compensation cases, implementing legislative amendments to Section 39-71-704, MCA.

Other rule-making procedures were in motion at year end to define the financial solvency and eligibility requirements for firms and groups requesting to self-insure in Plan I. Rule-making activity for 1987 will largely depend upon the outcome of new legislation.

Uninsured Employers' Fund — After several attempts by the Division to gain legislation which would provide a sound source of revenue for the Uninsured Employers' Fund, the only significant source remains the fines and penalties assessed. The Workers' Compensation Advisory Council spent a considerable amount of time on this issue and finally proposed legislation which would establish limitations on benefits commensurate with available resources. Funding a full benefit program will continue to be a problem until an adequate source of funds is established.

Subsequent Injury Fund — Workers who are vocationally handicapped and having a difficult time finding employment may be certified for subsequent injury benefits. An actuarial review of this Fund declared the Fund solvent and indicated that an assessment during Fiscal Year 1987 was unnecessary. Currently there are over 320 active workers certified; however, almost 300 were certified in a recent six-month period. Still, the current assets in the Fund should cover liabilities. An assessment may be necessary in Fiscal Year 1988.

Computer System — Over the past several years efforts have been underway to improve the Division's data processing capabilities. During the past year, the staff developed and installed an accident information gathering system, revised long-range development plans to be more consistent with available funding, developed and installed a crime victims' information system, partially installed a new data base system for policy compliance, and developed and installed a microfilmed file indexing system for the State Compensation Insurance Fund.

To improve access to information stored on the mainframe computer and expand both word and data processing capabilities, twenty-four (24) additional terminals will be installed in early August. These new machines will not only give Division personnel quicker access to information, but will expand its capabilities to capture and store data.

By the end of next fiscal year (F/Y 1987), a new system will be operational to improve the way in which claim reserves are established, and another program will allow for a computerized medical audit and payment process. By mid-year (February of 1987) an additional program will be implemented to significantly improve the management of new accident information, accident statistics, and all other data required to regulate insurance carrier claims. It is anticipated that an automated warrant writing system will go on-line before July, 1987.

Public Awareness — In addition to numerous speaking appearances by various Division personnel, Small Business Clinics were conducted in eleven cities with a combined attendance of 1,280. These programs are designed to inform employers how the Workers' Compensation Act influences their businesses. A new pamphlet entitled "Benefits for Injured Workers" was published this year to acquaint the injured worker with benefits available and reporting requirements. The Division's 22nd annual two-day seminar held this year in Missoula drew an audience of over 350—the most ever to attend this event.

Principal Officers — When the administrator of the Division of Workers' Compensation resigned in January of 1986, Governor Schwinden appointed the deputy director of another state agency as his replacement. The bureau chief of the State Compensation Insurance Fund resigned in March of 1986 in order to accept another departmental position and was replaced by an administrative officer from the Insurance Compliance Bureau.

PRINCIPAL OPERATIONAL PERSONNEL

Robert J. Robinson, Administrator

William R. Palmer, Assistant Administrator

Carla J. Smith, Chief, Administrative Support Bureau

James J. Murphy, Chief, State Insurance Fund Bureau

Hiram Shaw, Chief, Insurance Compliance Bureau

Ed Gatzemeier, Chief, Safety Bureau

Steven J. Shapiro, Chief Legal Counsel

SECTION II

FINANCIAL REPORTS

Financial statements in this section show the activity and the condition of all funds in summary for the fiscal year ended June 30, 1986.

Supporting schedules for all accounting entities except the State Compensation Insurance Fund are presented. They include a balance sheet by accounting entity; statement of changes in fund balance by accounting entity; program cost statements; comparative statement of sources of revenue; and comparative summary of Plans I, II, and III. Because of the size of the State Compensation Insurance Fund, its detailed financial activity is shown in Section III.

The state's accounting system presently provides ten fund types, of which the Division uses four. The General Fund provides funds to cover costs of the social security offset benefit program. The Special Revenue Fund accounts for income generated by the Division, chiefly from assessments levied against insurers and used to defray the cost of operations. The 1985 Legislature changed the funding source of the Crime Victims' account to the Special Revenue Fund. The Division has three federal sources of revenue: One from an OSHA statistics grant with the Bureau of Labor Statistics; one from a mine safety grant with the U.S. Department of Labor, Mine Safety and Health Administration; and a third to provide on-site consultations. The Agency Fund consists of those bonds deposited with the Division by private insurance carriers to guarantee payment of benefits. The Expendable Trust Fund accounts for funds deposited with the Division as custodian or agent, and includes the Subsequent Injury and Uninsured Employers.

BALANCE SHEET — JUNE 30, 1986
(EXCLUDING STATE COMPENSATION TRUST FUND)

	State Special Revenue Fund			
	General Fund	Division Administration	Crime Victims' Compensation	Resource Indemnity Trust Fund Interest
ASSETS				
Cash	\$	\$ 143,705	\$ 257,583	\$
Receivables		32,077	150	
Supplies Inventory		50,010		
Investments				
Property Held in Trust				
Expense Advances to Employees		13,764		
Other Prepayments		72,452		48,100
TOTAL ASSETS	<u>\$ 0</u>	<u>\$ 312,008</u>	<u>\$ 257,733</u>	<u>\$ 48,100</u>
LIABILITIES				
Accounts Payable	\$ 20,049	\$ 576,983	\$ 6,196	\$ 400
Accrued Support Expenditures		185,823		
Contingent Liabilities			(129,288)	
Allowance for Contingent Liabilities			129,288	
Deferred Revenue				
Unaccumulated Bond Discounts				
Bonds Held in Trust				
Due to Consolidated Entity	(20,049)			47,700
FUND BALANCE		(450,798)	251,537 ¹	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 0</u>	<u>\$ 312,008</u>	<u>\$ 257,733</u>	<u>\$ 48,100</u>

1 In order to determine operating fund balance, Allowance for Contingent Liabilities (reserves) must be deducted from this figure.

<u>Federal Special Revenue Fund</u>			<u>Agency Fund</u>	<u>Expendable Trust Fund</u>		
<u>Mine Safety</u>	<u>OSHA Statistics</u>	<u>On-Site Consultation</u>	<u>Insurance Liquidation</u>	<u>Subsequent Injury</u>	<u>Uninsured Employers</u>	<u>Insurance Company Liquidated Bonds</u>
\$ 4,823 8	\$ 3,752 1	\$ 13,034	\$	\$ 85,496 72,849	\$ 114,319 40,391	\$ 65,000
				2,815,843	731,115	
			14,164,050			
				422		
<u>\$ 4,831</u>	<u>\$3,753</u>	<u>\$ 13,034</u>	<u>\$ 14,164,050</u>	<u>\$ 2,974,610</u>	<u>\$ 885,825</u>	<u>\$ 65,000</u>
\$ 3,077 284	\$ 1,929	\$ 13,034	\$	\$ 657	\$ 10,256	\$
				(481,502)	(471,521)	
				481,502	471,521	
1,470	1,824			169,092	2,046	
			14,164,050			
				2,804,861 ¹	873,523 ¹	65,000
<u>\$ 4,831</u>	<u>\$ 3,753</u>	<u>\$ 13,034</u>	<u>\$ 14,164,050</u>	<u>\$ 2,974,610</u>	<u>\$ 885,825</u>	<u>\$ 65,000</u>

STATEMENT OF CHANGES IN FUND BALANCE
(EXCLUDING STATE COMPENSATION TRUST FUND)
FISCAL YEAR ENDED JUNE 30, 1986

	State Special Revenue Fund			
	General Fund	Division Administration	Crime Victims' Compensation	Resource Indemnity Trust Fund Interest
FUND BALANCE, JULY 1, 1985	\$ 0	\$ (271,224)	\$ 767,235	\$ 0
ADDITIONS ¹				
Legislative Appropriations	\$ 100,713	\$		\$ 615,600
Receipts				
Licenses & Permits		29,601		
Service Fees		263,383		
Fines & Forfeitures			373,409	
Federal Indirect				
Cost Recoveries		3,391		
Other Financing Sources		5,727,245		
Investment Earnings				
Federal Assistance				
Miscellaneous			33,833	
Increase in Inventories		18,670		
TOTAL ADDITIONS AND FUND BALANCE	<u>\$100,713</u>	<u>\$ 5,771,066</u>	<u>\$1,174,477</u>	<u>\$ 615,600</u>
DEDUCTIONS ²				
Support Expenditures	\$11,677	\$ 6,249,939	\$	\$
Transfers			557,077	
Benefits	88,301		365,863	601,000
Reversions*	735			14,600
TOTAL DEDUCTIONS	<u>\$100,713</u>	<u>\$ 6,249,939</u>	<u>\$ 922,940</u>	<u>\$ 615,600</u>
PRIOR YEAR ADJUSTMENTS				
Revenue	\$	\$ 22,023	\$	\$
Expenditures		6,052		
TOTAL ADJUSTMENTS		<u>\$ 28,075</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCE JUNE 30, 1986	<u>\$ 0</u>	<u>\$ (450,798)</u>	<u>\$ 251,537</u>	<u>\$ 0</u>

* Expenses pertaining to the fiscal year that were not accrued at year end may be paid from the reversions.

¹ The Division administers various restricted accounting entities within each fund. Generally, the names of the accounts specify the purpose for which the account is used.

² This statement illustrates the year's receipt and disbursement activity upon the beginning fund balance for each of the accounting entities.

<u>Federal Special Revenue Fund</u>		
<u>Mine Safety</u>	<u>OSHA Statistics</u>	<u>On-Site Consultation</u>
\$ (111)	\$ 0	\$ 0
\$	\$	\$
36,415	35,125	55,814
<u>\$ 36,304</u>	<u>\$ 35,125</u>	<u>\$ 55,814</u>
\$ 36,415	\$ 31,801	\$ 55,814
<u>\$ 36,415</u>	<u>\$ 31,801</u>	<u>\$ 55,814</u>
\$ 306 (195)	\$ (3,324)	\$
<u>\$ 111</u>	<u>\$ (3,324)</u>	<u>\$ 0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

<u>Expendable Trust Fund</u>		
<u>Subsequent Injury</u>	<u>Uninsured Employers</u>	<u>Insurance Company Liquidated Bonds</u>
\$ 2,726,136	\$ 765,905	\$ 0
\$	\$	\$
	307,663	172,798
278,898	56,311	
	80,640	
<u>\$ 3,005,034</u>	<u>\$ 1,210,519</u>	<u>\$ 172,798</u>
\$	\$	\$
	324,544	107,798
170,965		
<u>\$ 170,965</u>	<u>\$ 324,544</u>	<u>\$ 107,798</u>
\$ 189,595 (218,803)	\$ (12,452)	\$
<u>\$ (29,208)</u>	<u>\$ (12,452)</u>	<u>\$ (0)</u>
<u>\$ 2,804,861</u>	<u>\$ 873,523</u>	<u>\$ 65,000</u>

This statement provides the detailed expenditure activity and the funding sources for each of the Division's four programs for the period ended June 30, 1986.

PROGRAM COST STATEMENT
(EXCLUDING STATE COMPENSATION TRUST FUND)
FISCAL YEAR ENDED JUNE 30, 1986

COSTS	Adminis- tration Program	State Fund Program	Compliance Program	Safety Program	Total
Personal Services:					
Salaries	\$ 710,464	\$ 1,415,633	\$ 570,461	\$ 515,037	\$ 3,211,595
Employee Benefits	151,466	305,081	127,054	124,321	707,922
Sub-Total	<u>\$ 861,930</u>	<u>\$ 1,720,714</u>	<u>\$ 697,515</u>	<u>\$ 639,358</u>	<u>\$ 3,919,517</u>
Operating Expenses:					
Contracted Services	\$ 374,535	\$ 701,047	\$ 79,809	\$ 9,422	\$ 1,164,813
Supplies & Materials	15,335	50,682	14,003	25,836	105,856
Communications	21,087	190,279	60,148	16,915	288,429
Travel	8,163	24,434	5,081	80,019	117,697
Rent	3,460	147	91	51	3,749
Utilities	40,913	0	0	0	40,913
Repairs & Maintenance	41,992	25,627	11,046	10,855	89,520
Other Expenses	12,128	7,152	2,519	1,005	22,804
Department of Labor Charges	80,491	381,297	15,290	0	477,078
Sub-Total	<u>\$ 598,104</u>	<u>\$ 1,380,665</u>	<u>\$ 187,987</u>	<u>\$ 144,103</u>	<u>\$ 2,310,859</u>
Equipment	<u>\$ 50,433</u>	<u>\$ 37,629</u>	<u>\$ 39,303</u>	<u>\$ 28,306</u>	<u>\$ 155,671</u>
Transfers	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 557,077</u>	<u>\$ 0</u>	<u>\$ 557,077</u>
Benefits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,054,764</u>	<u>\$ 0</u>	<u>\$ 1,054,764</u>
TOTAL PROGRAM COSTS	<u>\$ 1,510,467</u>	<u>\$ 3,139,008</u>	<u>\$ 2,536,646</u>	<u>\$ 811,767</u>	<u>\$ 7,997,888</u>
SUMMARY OF FUNDING					
General Fund	\$ 0	\$ 0	\$ 99,978	\$ 0	\$ 99,978
State Special Revenue Fund	1,478,666	3,139,008	2,436,668	719,538	7,773,880
Federal Special Revenue Fund	<u>31,801</u>	<u>0</u>	<u>0</u>	<u>92,229</u>	<u>124,030</u>
TOTAL FUNDING	<u>\$ 1,510,467</u>	<u>\$ 3,139,008</u>	<u>\$ 2,536,646</u>	<u>\$ 811,767</u>	<u>\$ 7,997,888</u>

This statement identifies, by source of revenue, the receipts collected during the fiscal years ended June 30, 1985, and June 30, 1986. All funds, except the General Fund, receive revenue collected by the Division from outside sources. Disbursements cannot be made until the Division collects and deposits these receipts in the proper fund within the Treasury System.

**COMPARATIVE STATEMENT OF SOURCES OF REVENUE
(EXCLUDING STATE COMPENSATION TRUST FUND)
FISCAL YEARS ENDED JUNE 30, 1985, AND JUNE 30, 1986**

	<u>1985</u>		<u>1986</u>	
Licenses and Permits:				
Engineer Licenses	\$ 28,077		\$ 27,021	
Explosives Licenses	<u>— 0 —</u>	\$ 28,077	<u>2,580</u>	\$ 29,601
Service Fees:				
Copies of Documents	\$ 15,147		\$ 22,005	
Plan I Assessments	209,249		67,968	
Plan II Assessments	1,032,990		379,049	
Jury Duty & Witness Fee	209		333	
JTPA Reimbursement	<u>— 0 —</u>		<u>1,028</u>	
Total Fees	\$1,257,595		\$ 470,383	
Less Transfers to:				
Workers' Compensation Judge	(239,479)		(207,000)	
Department of Labor	<u>(15,567)</u>	1,002,549	<u>— 0 —</u>	263,383
Investment Earnings:				
Corporate Bonds	\$ 1,217		\$ 438	
Industrial Bonds	149,669		45,856	
Railroad Equipment Trusts	19,400		25,768	
Public Utility Securities	65,693		66,608	
Federal Agencies	93,946		90,858	
Annual Modified Income	5,702		6,518	
Short Term Investment Pool	<u>71,405</u>	407,032	<u>99,163</u>	335,209
Fines:				
Motor Vehicle	\$ 389,703		\$ 373,409	
Civil Penalties	<u>237,821</u>	627,524	<u>480,461</u>	853,870
Federal Indirect Cost Recoveries		— 0 —		3,391
Miscellaneous:				
Fatality Assessments	\$ 46,000		\$ 33,000	
Penalties & Interest	559		— 0 —	
Bad Debts Recovered	29,056		47,640	
Recovery	9,045		4,279	
Subrogation	8,135		29,554	
Insurance Company Reimbursements	<u>511</u>	93,306	<u>— 0 —</u>	114,473
Other Financing Sources:				
State Compensation Insurance Fund	\$4,642,000		\$5,695,000	
Crime Victims Assessments	47,267		57,077	
Uninsured Employers Assessments	<u>106,427</u>		<u>84,198</u>	
Total Other	\$4,795,694		\$5,836,275	
Less Transfers to:				
Workers' Compensation Judge	(51,552)		(109,030)	
Department of Labor	<u>(51,533)</u>	4,692,609	<u>— 0 —</u>	5,727,245
Federal Assistance:				
Federal Department of Labor:				
On-Site Consultation	\$ 47,793		\$ 55,814	
Survey Program	32,241		35,125	
Mining Education	<u>34,648</u>	114,682	<u>36,415</u>	127,354
Increase in Inventories		10,445		18,670
TOTAL REVENUE		<u><u>\$6,976,224</u></u>		<u><u>\$7,473,196</u></u>

COMPARATIVE SUMMARY OF PLANS I, II, AND III

The Montana Workers' Compensation and Occupational Disease Acts allow employers to obtain the required insurance coverage by one of three methods: (1) self-insurance under Compensation Plan No. I, where firms with proven financial ability pay directly to the injured workers; (2) coverage with a private insurance company licensed to write workers' compensation insurance in Montana, known as Compensation Plan No. II; and (3) coverage with the State Compensation Insurance Fund, a state-operated insurance program, known as Compensation Plan No. III.

The following table compares the overall activity of the three plans for three fiscal years:

<u>Plan I—Self Insurance</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>
Number of employers enrolled	51	48	54
*Gross annual payroll	\$453,615,839	\$414,540,390	\$522,691,098
Number of work injuries reported	2,988	2,968	3,267
Number of claims filed	580	640	541
Occupational disease cases reported per federal standards	10	10	Not available
Compensation benefits paid	\$5,998,467	\$6,857,536	\$6,666,015
Medical & burial benefits paid	\$2,335,085	\$2,521,471	\$3,020,366
Uninsured employers assessments	\$6,000	\$5,000	\$0
 <u>Plan II—Private Carriers</u>			
Number of employers enrolled	9,676	8,874	8,470
*Annual premium	\$33,425,629	\$45,416,912	\$52,120,000
Number of work injuries reported	12,521	12,717	8,775
Number of claims filed	2,252	2,488	1,904
Occupational disease cases reported per federal standards	42	41	Not available
Compensation benefits paid	\$21,668,737	\$26,970,999	\$35,382,131
Medical & burial benefits paid	\$9,981,991	\$13,171,048	\$12,515,194
Uninsured employers assessments	\$18,000	\$12,000	\$9,000
 <u>Plan III—State Fund</u>			
Number of employers enrolled	23,610	24,254	25,665
Annual premium	\$37,032,670	\$49,292,000	\$50,861,306
Number of work injuries reported	15,834	15,558	16,537
Number of claims filed	3,060	3,222	3,364
Occupational disease cases reported per federal standards	54	50	Not available
Compensation benefits paid	\$25,753,121	\$38,034,472	\$43,866,927
Medical & burial benefits paid	\$12,141,318	\$14,085,173	\$20,472,172
Uninsured employers assessments	\$30,000	\$29,000	\$21,000

*Figures shown on calendar year basis.

SECTION III

STATE COMPENSATION INSURANCE FUND

Evidence of the need for reform in the workers' compensation system became apparent during this fiscal year when actuaries identified that the State Fund closed the period with a negative surplus.

Financial Activity — The line chart on the next page traces the year end financial pattern of the State Fund for a ten-year period. Claim reserves rose drastically between 1984 and 1986 without a comparable increase in earned premium. As a result, invested assets decreased by almost \$17 million during the same period, mostly to keep pace with cash demands. Claims expenses rose 70% during that same two years from \$37.9 million to \$64.3 million. Earned premium, on the other hand, increased from \$37.0 to \$50.9 million, a growth of only 38%.

The bar chart shows the imbalance between all income generated and expense plus reserve increases. To maintain a sound financial structure, these items should be equal. With assets of \$70.4 million and liabilities of \$151.4 million, the Fund is left with a negative surplus of \$81 million.

Again this year, the Fund reported a substantial growth in the claims expenses over the previous year. Expenses of \$52.1 million in F/Y '85 grew 23% to \$64.3 million in F/Y '86. Administrative costs also grew, largely due to the increase in firms enrolled, accidents and claims processed, and the continued growth of open cases. Backlogs in payment of medical bills and in enrolling firms were mostly overcome with additional staff and automated procedures.

Although net investments decreased by \$10 million, the portfolio yield reflected 13.96% this fiscal year compared to a 12.56% yield in fiscal 1985.

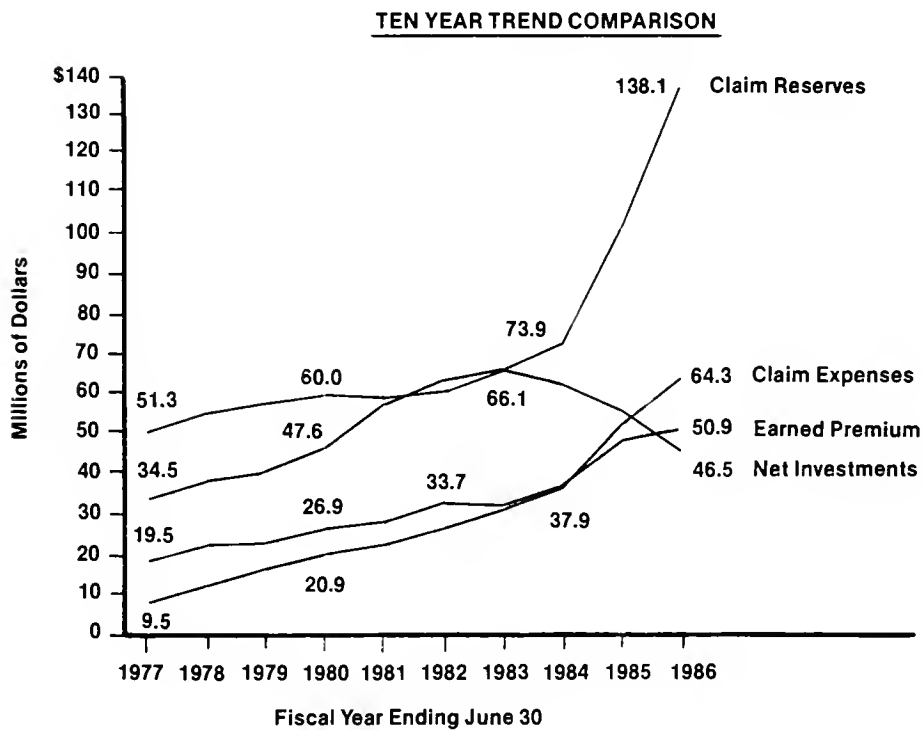
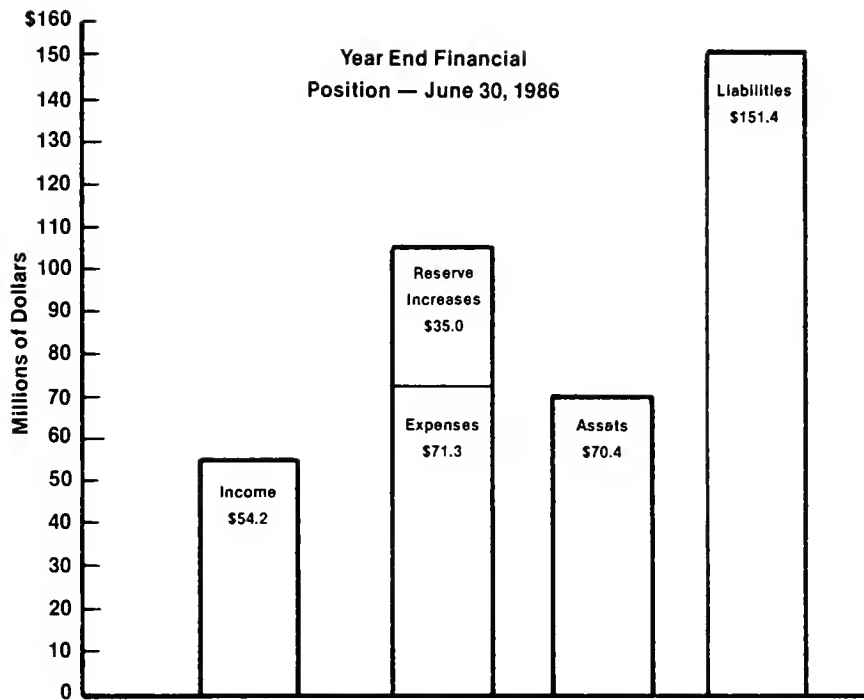
Again, as in past years, the Division employed an independent actuary to review the financial and actuarial aspects of the Fund. A letter expressing their opinion is found on page 21.

Accident Trends — Accidents reported during the year rose approximately 10% over the prior year, and the number of those claims representing wage loss increased more than 4%. However, the ratio of accidents per employer, as well as wage loss claims per accidents reported, have remained almost constant. During 1984, the employer-to-accident ratio was .67. It decreased to .64 in 1985 and rose slightly to .67 in 1986. Wage loss claims compared to accidents reported were 19% for 1984, 21% in 1985, and fell to 20% in 1986.

These trends parallel those reported for all insurers in that the employers insured by the State Fund are experiencing the same leveling in the number of reported accidents.

Enrollments — Policyholder mix has changed somewhat due to new legislation. Senate Bill 440 allowed groups of employers to self-insure given certain circumstances. Until this bill became law most cities and counties were insured with the State Compensation Insurance Fund. However, it is safe to say that most now insure through one of two self-insurer groups organized to provide workers' compensation coverage. Although the Fund lost these accounts, at year end it had 1,400 more firms enrolled this year than it did one year ago. As of 6/30/86, the Fund provided coverage to 25,665 firms.

Because of a staff reorganization and the implementation of a new data base computer system, personnel are now able to process new enrollments without accumulating a backlog of activity.



STATE COMPENSATION INSURANCE FUND
BALANCE SHEET
JUNE 30, 1986

ASSETS

Cash in Treasury			\$ 1,369,004
Premium Receivable			14,637,114
Interest Receivable			1,225,171
Notes Receivable			263,319
Adjusted Accounts Receivable			5,252
Property Held in Trust			6,322,128
Investments:			
Mortgages	\$ 188,947		
Federal Securities	6,692,014		
Corporate Bonds	43,155,140		
Securities on Loan	<u>2,197,000</u>	\$ 52,233,101	
Plus: Unamortized Premiums	\$ 6,169		
Interest Purchased	<u>43,317</u>	49,486	
Less: Unaccumulated Bond Discounts		<u>(5,700,400)</u>	
Net Investments			<u>46,582,187</u>
TOTAL ASSETS			<u>\$ 70,404,175</u>

LIABILITIES, RESERVES AND FUND BALANCE

LIABILITIES			
Adjusted Accounts Payable	\$ 488,709		
Advance Deposits	12,810,902		
Deferred Revenue	<u>8,476</u>	\$ 13,308,087	
CLAIMS RESERVES			
Compensation Benefits	\$103,352,480		
Medical Benefits	34,140,575		
Medical Only Benefits	<u>625,000</u>	138,118,055	
FUND BALANCE			
Unrestricted:			
Fund Balance Designated	\$ (6,464,400)		
Fund Balance Undesignated	<u>(74,557,567)</u>	<u>(81,021,967)</u>	
TOTAL LIABILITIES, RESERVES AND FUND BALANCE			<u>\$ 70,404,175</u>

STATE COMPENSATION INSURANCE FUND
STATEMENT OF OPERATIONS AND CHANGES IN RESERVES
FOR FISCAL YEAR ENDED JUNE 30, 1986

INCOME

Earned Premium	\$50,861,306
Interest Earnings on Investments	7,964,872
Other Income	<u>313,486</u>
Total Current Year's Income	\$59,139,664
Prior Year's Adjustments, Net	<u>(4,982,083)</u>
Total Income	\$54,157,581

EXPENSES

Claims Expenses:		
Compensation Benefits	\$43,866,927	
Medical Benefits	<u>20,472,172</u>	
Total Claims Expenses	<u>\$64,339,099</u>	
Other Expenses:		
Administrative Assessment	\$ 5,695,000	
Rehabilitation Assessment	376,992	
Structured Settlements—Interest	54,181	
Bond Swaps	487,543	
Miscellaneous Expenses	<u>307,389</u>	
Total Other Expenses	<u>\$ 6,921,105</u>	
Total Expenses		<u>71,260,204</u>
RESULTS OF OPERATIONS BEFORE CHANGES IN RESERVES		(\$17,102,623)
Less: Changes in Reserves:		
Compensation Benefits	\$18,096,610	
Medical Benefits	<u>16,851,764</u>	<u>34,948,374</u>
RESULTS OF OPERATIONS AFTER CHANGES IN RESERVES		(\$52,050,997)
Prior Year Negative Surplus		<u>(28,970,970)</u>
NEGATIVE SURPLUS		<u><u>(\$81,021,967)</u></u>

STATE COMPENSATION INSURANCE FUND
STATEMENT OF CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 1986

Fund Balance, Beginning of Year (as restated)	(\$28,970,970)
Decreases in Fund Balance:	
Current Year's Results of Operations	<u>(52,050,997)</u>
Fund Balance End of Year	<u><u>(\$81,021,967)</u></u>

The preceding statements reflect the financial activity and condition of the State Fund for the fiscal year ended June 30, 1986.

The balance sheet shows the financial status of the fund as of June 30, 1986. The changes in claim reserves and fund balance accounts were either calculated or reviewed by an independent actuary.

The statement of operations and changes in reserves shows the fund's financial activity during the year.

In compliance with an audit recommendation, an unbilled premium receivable is estimated each year end. The FY 1985 receivable was overstated by \$4.3 million, resulting in an operating loss of \$3.9 million for FY 1985.

During FY 1986, a change in the accounting treatment of bond swaps occurred. Bond swaps are made by the Board of Investments when an opportunity arises to purchase a high yield bond. A lower yielding bond is sold, usually at a loss, to purchase the high yield bond. Before 1986, this loss was amortized over a period of time equal to the shorter term of the two bonds involved in the transaction. Effective in 1986, the loss is to be fully reflected in the year the swap occurs, by recommendation of the Office of the Legislative Auditor in accordance with generally accepted accounting principles.

COATES
HERFURTH &
ENGLAND, INC.
ACTUARIES AND CONSULTANTS

December 17, 1986

Workers' Compensation Division
Department of Labor and Industry
State of Montana
P. O. Box 4759
Helena, Montana 59604-4759

Ladies and Gentlemen:

We have examined the methods and procedures utilized by the Workers' Compensation Division of the Department of Labor and Industry of the State of Montana in the determination of its liabilities for compensation, hospital, medical and other benefits as of the close of its fiscal year ended June 30, 1986, under Compensation Plan Number Three, as set forth in the Workers' Compensation Act. Our examination included a determination of the appropriateness of the underlying methods and procedures, such review of the basic records as we considered necessary in the circumstances and an analysis of the results so obtained.

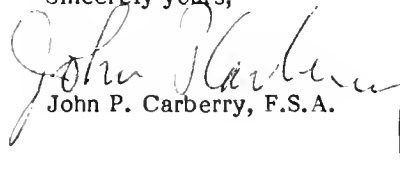
The resulting liabilities for benefits to be paid, so determined, may be summarized as follows:

Compensation benefits	\$103,352,480
Medical benefits	34,140,575
Medical only benefits	<u>625,000</u>
Total	\$138,118,055

In our opinion, the above claim liabilities are based upon the benefits provided under the Workers' Compensation Act of the State of Montana. Further, in our opinion, on the basis of the information and procedures referred to above, and upon our assumption that the procedures of the Division are adequate to properly establish and maintain records required for this purpose, such liabilities in the aggregate are reasonable and appropriate as of that date. Because a full funding deficiency exists as of June 30, 1986, future premiums will need to be drawn upon to satisfy the existing liabilities of the Fund. The continuing financial soundness of the Fund is therefore conditioned upon these future premiums being realized.

By following this procedure each year and by reviewing and adjusting the rates each year to reflect changing benefits and experience, in our opinion, the Fund can continue to be maintained on a sound actuarial and financial basis.

Sincerely yours,


John P. Carberry, F.S.A.

JPC/ml

SECTION IV CRIME VICTIMS' COMPENSATION

The Crime Victim's Compensation Act created by the Montana Legislature became effective January 1, 1978. It was the intent of this legislation to provide a method of compensating and assisting innocent victims who suffered bodily injury or death as a result of the criminal act. The 1985 Legislature passed Senate Bill 451 which provided for the fair and equal treatment of crime victims and witnesses. The purpose of this bill is to protect the role of victims and witnesses and to provide a standard of conduct governing their treatment by law enforcement agencies.

Benefits, largely unchanged since the Act was passed, provide for both wage loss and medical costs. The weekly wage loss benefit awarded is set at two-thirds of the wages received at the time of the occurrence, subject to a maximum of \$125 per week. The claimant must suffer a wage loss for one week before compensation is due, and then compensation is paid from the date wage loss began. Medical providers are reimbursed for reasonable services of a physician or surgeon, hospital care, and medicine. Additionally, funeral and burial expenses of the victim, not exceeding \$1,100, are paid if all other collateral sources have not covered these costs. Awards are limited by collateral sources, which include, but are not limited to, benefits readily available to the victim from the offender, the United States government, social security, medicare or medicaid, workers' compensation, wage continuation programs, or proceeds of an insurance contract.

To be eligible for benefits the victim must file a claim within one year from the date of the criminally injurious conduct, may not be an offender or accomplice of the offender, and must notify law enforcement of the occurrence within 72 hours. The victim must also cooperate fully with all law enforcement agencies and prosecuting attorneys in the apprehension and prosecution of the offender. Benefits may be denied or proportionately reduced if the victim contributed to the infliction of the injury. Compensation payable to the victim and all of the victim's dependents in case of death is limited to an aggregate of \$25,000. Awards of compensation benefits may also be made to victims who were employable but not employed at the time of the incident. Wage loss benefits in these cases are limited to \$100 per week or an aggregate of \$20,000.

INCIDENT PROFILES

The victim, a male age 34, stated on his claim form that sometime in the a.m. hours he was stepping outside a bar when he was struck with a club and knocked out. He stated he woke up a short time later, still lying in the doorway. He dragged himself outside where he woke up later when the ambulance arrived. The investigation revealed the claimant was located outside the bar in an extremely intoxicated condition and could not or would not tell the officers what happened. He was advised to contact the police department upon his release from the hospital. Follow-up investigation showed the claimant had gone to the bar with a gun and had made racial slurs to a black male. The black male took the gun away from him, beat him up, and then gave the gun back to him. The claimant supplemented his claim with additional contradictory information, but never did recontact law enforcement personnel.

Denied: The claimant did not fully cooperate with law enforcement and it appeared the victim had contributed to his own injuries.

The victim, a female age 78, had traveled to Montana on vacation. A male offender ran into her vehicle. The claimant went outside to speak with him, and the offender began beating her. The claimant suffered a broken nose and numerous bruises. Two of the claimant's insurance companies covered most of the expenses.

Award: Medical Expenses—\$78

The victim, a female age 20, was taken from her home by her estranged husband and stabbed numerous times. The offender was charged with attempted deliberate homicide. The claimant's insurance paid part of the medical expenses, but the claimant had no sick leave.

Award: Medical Expenses — \$198
Wage Loss Compensation — \$875

The victim, a female age 28, stated she was on her way to the babysitter's to pick up her children in the early morning hours. She stated the woman driving the car stopped, and the offender ran up to the car and began beating her. The claimant ran away and hid and later drove down main street to find a friend. She was then assaulted a second time. She advised she could not remember a lot due to a concussion and amnesia. The claimant was requested to provide additional information, which she did not do. The investigation revealed that the claimant had been shouting insults at the offender, both parties were very intoxicated, and they had had numerous altercations in the past. The claimant and the offender were both charged and convicted of misdemeanor assault.

Denied: The claimant was the offender and contributed 100%.

STATISTICAL ACTIVITY

	<u>F/Y 1985</u>	<u>F/Y 1986</u>
Victim's Source of Knowledge:		
Attorney	13	8
Government Agency	5	4
Law Enforcement	50	43
Medical Profession	122	134
Relative or Friend	6	5
Victim	11	0
Welfare	27	77
Other	75	123
	<u>309</u>	<u>394</u>
Claims Disposition:		
Denied Claims	60	82
Accepted Claims	207	230
Held Over	42	82
	<u>309</u>	<u>394</u>
Type of Crime:		
Aggravated Assault	47	38
Armed Robbery	2	3
Arson	0	3
Assault	104	96
Attempted Homicide	5	9
Attempted Rape	3	1
Child Abuse	3	0
Homicide	17	29
Incest	45	68
Property Damage	0	1
Rape	20	29
Resisting Arrest	0	2
Sexual Assault	49	84
Spouse Abuse	4	9
Strong Armed Robbery	5	8
Theft	0	1
Traffic	3	5
No Crime/Unknown	2	8
	<u>309</u>	<u>394</u>

	<u>F/Y 1985</u>	<u>F/Y 1986</u>
Victim Profile:		
Sex:		
Male	169	164
Female	<u>140</u>	<u>230</u>
	<u>309</u>	<u>394</u>
Average Age:		
Male	27.0	26.0
Female	19.0	18.0
Age Range:		
Male	2-75	1-81
Female	2-68	1-78
Employment Status:		
Employed	100	112
Unemployed	72	81
Student	101	148
Retired	12	11
Child	<u>24</u>	<u>42</u>
	<u>309</u>	<u>394</u>
Location of Crime:		
Bar/Bar Lot	36	50
Field/Countryside/Park	13	22
Highway	10	6
Offender's Home	43	56
Other's Home	25	24
Public Business	10	17
School	7	4
Street/Alley/Lot	33	42
Victim's Home	62	62
Victim's Workplace	16	12
Victim's & Offender's Home	53	93
Other	<u>1</u>	<u>6</u>
	<u>309</u>	<u>394</u>

FINANCIAL ACTIVITY

	<u>F/Y 1985</u>		<u>F/Y 1986</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue Sources:				
Highway Patrol Fines	\$389,703	80	\$373,409	92
Subrogation	8,135	2	29,554	7
Restitution Recoveries	9,045	2	4,279	1
Interest Earnings	<u>77,504</u>	<u>16</u>	<u>- 0 -</u>	<u>- 0 -</u>
TOTAL REVENUE	<u>\$484,387</u>	<u>100</u>	<u>\$407,242</u>	<u>100</u>
Program Costs:				
Benefits Paid	\$404,870	90	\$365,863	40
Administrative Expense	47,267	10	57,077	6
Transfers to General Fund	<u>- 0 -</u>	<u>- 0 -</u>	<u>500,000</u>	<u>54</u>
TOTAL COSTS	<u>\$452,137</u>	<u>100</u>	<u>\$922,940</u>	<u>100</u>

SECTION V UNINSURED EMPLOYERS' FUND

The purpose of this Fund is to provide injured workers with the same benefits they would have received had their employer been properly covered by workers' compensation insurance. Funding for the program, proven to be grossly inadequate, comes from fines and penalties assessed on uninsured employers. Employers who fall into this category are not only subject to severe financial penalties by the Division, but essentially have abdicated their defenses against negligence actions.

Amendments incorporated into the Act by the 49th Legislature permit the injured worker to make choices as to what action to pursue. If sufficient funds are available, the injured may request benefits from the Uninsured Employers' Fund, or the injured worker may also enter into an agreement with the Division for the assignment of any funds collected from the employer. The worker may concurrently pursue an independent course of action for the employer's failure to carry workers' compensation insurance, a damage action for negligence, in addition to any other civil remedy provided by law.

In cases where the Division discovers an uninsured employer, the statute provides it may order the employer to cease operations until the firm is properly covered by workers' compensation insurance. The employer who does not comply is guilty of a misdemeanor.

The Fund has yet to be declared solvent and, therefore, has made no general benefit payments during the past fiscal year.

STATISTICAL ACTIVITY

	<u>F/Y 1985</u>	<u>F/Y 1986</u>
Number of Compensation Claims Paid	0	0
Number of Investigations Made	961	1,021
Number of Audits Performed	49	21
Number of Employers Fined	311	458
Number of Accounts Referred for Collection	95	228
Amount of Billed Fines & Assessments Collected	\$237,821	\$307,663

FINANCIAL ACTIVITY

	<u>F/Y 1985</u>		<u>F/Y 1986</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue Sources:				
Fines & Penalties Billed	\$404,504	75.9	\$488,496	78.1
Fatality Assessments	46,000	8.6	33,000	5.3
Bad Debts Recovered	29,056	5.5	47,640	7.6
Interest Earnings	53,312	10.0	56,311	9.0
TOTAL REVENUE	<u>\$532,872</u>	<u>100.0</u>	<u>\$625,447</u>	<u>100.0</u>
Program Costs:				
Amount Referred for Collection	\$149,259	58.4	\$240,346	74.1
Administrative Expense	106,427	41.6	84,198	25.9
TOTAL COSTS	<u>\$255,686</u>	<u>100.0</u>	<u>\$324,544</u>	<u>100.0</u>

SECTION VI

WORK INJURY REPORTS

The Division, through its Administrative Support Bureau, Statistical Unit, collects a variety of statistics concerning the nature and cause of industrial work injuries. Accident data is coded from reports submitted by employers and employees, using the standardized coding system adopted by the Bureau of Labor Statistics. The following tables and graphs present this information on an annual basis. As of October 14, 1986, 28,579 accidents have been reported to the Division as occurring during the fiscal year ended June 30, 1986. These tables show the number of reported accidents, the cause of accidents by major industry, type of disability, nature of injury, part of body affected, accident type, source of injury, age and sex. The first table shows the total injuries reported over the past fourteen years. The second table provides the reader with information on accident trends in Montana's workforce over a ten-year period. The following pages give a detailed analysis of the totals for the current fiscal year. Additional information from past years can be compiled as needed on a request basis, should employers have a need for such information.

A review of the tables presented in this section in relation to individual firms' accident experience can be of value in developing appropriate safety programs or improving existing programs. Currently, the Division participates with the U.S. Department of Labor in a safety consultation program. Division personnel perform on-site consultation inspections to assist employers in understanding or controlling these hazards successfully. Upon request, safety personnel perform these inspections at no charge to the employer.

Occupational Safety and Health survey information for calendar year 1985 was not completed in time for this publication. Survey results will be published in next year's report.

DEGREE INJURIES AFFECTED THE EMPLOYEE'S ABILITY TO RETURN TO THE NEXT SCHEDULED WORK SHIFT

With the implementation of the Division's Management Information System in 1976, a new coding format was instituted to better identify the effect an injury has on an employee's work attendance. Prior to fiscal year 1977, the accident was coded either as disabling, which meant the injured party was unable to return to the next scheduled work shift, or nondisabling, which meant that no work time was lost beyond the day of the accident. All accident information coded was from the initial report with no further adjustment effort.

The new reporting format allows the Division more flexibility in identifying lost time injuries. "Lost Time Injuries" refers to those cases where the employee had a medical cost associated with the accident and failed to report to the next scheduled work shift. "No Lost Time Injuries" refers to cases where there was a medical cost involved but the employee attended the next work shift. The minor injuries column refers to cases where a minimal medical cost was initially reported and the employee lost no work time, and therefore considered a minor injury under the OSHA standards. Cases where a firm determination could not be made as to medical cost or lost time were classified as "Unknown." The reader should be cautioned against attempts to make valid comparisons between the two reporting formats.

<u>Year</u>	<u>Total Injuries</u>	<u>Dis-abling</u>	<u>Percent of Total</u>	<u>Nondis-abling</u>	<u>Percent of Total</u>	<u>Undeter-mined</u>	<u>Percent of Total</u>
1971-72	22,439	6,180	27.5	15,005	66.9	1,254	5.6
1972-73	23,821	6,927	29.1	15,938	66.9	956	4.0
1973-74	27,097	8,394	31.0	17,733	65.4	970	3.6
1974-75	27,120	7,875	29.0	18,312	67.5	933	3.5
1975-76	29,415	8,589	29.2	19,591	66.6	1,235	4.2
<u>Year</u>	<u>Total Injuries</u>	<u>Lost Time Injuries</u>	<u>No Lost Time Injuries</u>	<u>Minor Injuries Not Recordable by OSHA Standards</u>	<u>Fatalities</u>	<u>Unknown</u>	
1976-77	31,734	9,760	2,263	15,271	46	4,394	
1977-78	32,060	9,668	2,172	16,965	50	3,205	
1978-79	34,295	10,185	2,016	17,923	38	4,133	
1979-80	34,736	10,306	2,297	18,258	37	3,838	
1980-81	33,888	10,127	2,155	18,453	45	3,108	
1981-82	31,953	8,903	1,253	18,099	44	3,654	
1982-83	29,717	8,709	3,507	12,646	45	4,810	
1983-84	31,343	9,597	4,514	6,682	48	10,502	
1984-85	31,243	9,533	4,171	5,737	40	11,762	
1985-86	28,579	9,013	4,827	7,621	20	7,098	

Accident Trends

The statistics reported in Schedule I below indicate a declining trend of accidents in the state's civilian labor force since 1980. It peaked that year at 9.3% and hit an all-time low of 7.6% in 1984. Schedule II indicates a relatively constant trend in the number of reported accidents which were also lost time injuries. Reported accidents reached a ten-year high in 1980. Lost time injuries as a percent of the total remained consistent with the other reporting periods.

MONTANA

Schedule I

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Percent Having* Accidents</u>
1976	335,000	8.4%
1977	348,000	8.8
1978	368,000	8.7
1979	371,000	8.9
1980	371,000	9.3
1981	385,000	8.9
1982	394,000	8.4
1983	395,000	7.8
1984	404,000	7.6
1985	405,000	7.7

Schedule II

<u>Fiscal Year Ending</u>	<u>Reported Accidents</u>	<u>Lost Time Injuries</u>	<u>Percent of Total</u>
1976	29,415	N/A	N/A
1977	31,734	9,760	30.7%
1978	32,060	9,668	30.1
1979	34,295	10,185	29.7
1980	34,736	10,306	29.7
1981	33,888	10,127	29.9
1982	31,953	8,903	27.9
1983	29,717	8,709	29.3
1984	31,343	9,597	30.6
1985	31,243	9,533	30.5

*Adjusted for Calendar Year

CAUSE OF FATALITIES WITHIN MAJOR INDUSTRY

The table below provides an overview of work fatalities in Montana by compensation plan during fiscal year 1986. Montana industries reported 20 work-related fatalities this year, compared with 40 last year.

<u>INDUSTRY</u>	<u>PLAN I</u>	<u>PLAN II</u>	<u>PLAN III</u>	<u>TOTAL</u>
AGRICULTURE				
Crushed in baler			1	1
Inhalation of poisonous gas .			1	1
Renal shutdown		1		1
CONSTRUCTION				
Vehicle accident		1		1
MANUFACTURING				
Asbestosis			1	1
Crushed by loader		1		1
MINING				
Vehicle accident		1		1
PUBLIC ADMINISTRATION				
Fall from tower			1	1
SERVICES				
Airplane crash			1	1
Vehicle accident			2	2
TRADE				
Crushed by hopper car			1	1
Murdered		1		1
Vehicle accident		1		1
TRANSPORTATION				
Caught in oil well		1		1
Semi accident		1	2	3
Vehicle accident		1	1	2
TOTALS	<u>0</u>	<u>9</u>	<u>11</u>	<u>20</u>

NATURE AND OCCURRENCE OF WORK INJURIES IN MONTANA

The following narratives and tables reflect data on the nature and occurrence of work injuries as reported to and compiled by the Division. The Division classifies and codes reported accidents in accordance with uniform federal guidelines.

Nature of Injury

The nature of injury identifies the injury in terms of its principal characteristics.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Burns	1,239	4.3
Open wounds	8,111	28.4
Strains	9,938	34.8
Fractures	2,046	7.1
Diseases	337	1.2
Bruises	3,019	10.6
Multiple	118	.4
Other	421	1.5
Not classified	<u>3,350</u>	<u>11.7</u>
 TOTAL	 <u><u>28,579</u></u>	 <u><u>100.0</u></u>

Part of Body

The part of body identifies the part of the injured person's body directly affected by injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Head, face and neck	1,437	5.0
Eyes	2,676	9.4
Body systems	494	1.7
Trunk	3,239	11.3
Back and spine	6,441	22.5
Arms and wrists	2,401	8.4
Hands and fingers	5,755	20.1
Upper extremities	330	1.2
Legs and ankles	3,249	11.4
Feet and toes	1,289	4.5
Lower extremities	86	.3
Body multiple	908	3.2
Not classified	<u>274</u>	<u>1.0</u>
 TOTAL	 <u><u>28,579</u></u>	 <u><u>100.0</u></u>

Accident Type

The accident type identifies the event which directly resulted in the injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Struck by object	9,963	34.9
Caught in, on, or between	1,234	4.3
Slips and falls	3,502	12.2
Motor vehicle	493	1.7
Strain or overexertion	8,582	30.0
Temperature extremes	674	2.4
Electrical current	23	.1
Inhalation	906	3.2
Rubbed or abraded	1,838	6.4
Combinations	288	1.0
Not classified	<u>1,076</u>	<u>3.8</u>
 TOTAL	 <u>28,579</u>	 <u>100.0</u>

Source of Injury

The source of injury identifies the object, substance, exposure, or bodily motions which directly produced or inflicted the injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Animals	1,814	6.3
Atmosphere	76	.3
Body motion	2,410	8.4
Boilers	123	.4
Boxes and barrels	2,388	8.4
Buildings	708	2.5
Chemicals	877	3.1
Conveyors	97	.3
Construction materials	0	.0
Dirt masses	235	.8
Electrical apparatus	265	.9
Flame and smoke	231	.8
Food	268	.9
Furniture	791	2.8
Glass	480	1.7
Hand tools	2,783	9.8
Hoisting apparatus	247	.9
Ladders	93	.3
Machines	963	3.4
Mechanical transmission	253	.9
Metal items	3,653	12.8
Particles	949	3.3
Textile	239	.8
Trees	1,813	6.3
Vehicles	2,012	7.0
Working surfaces	3,454	12.1
Miscellaneous	194	.7
Not classified	<u>1,163</u>	<u>4.1</u>
 TOTAL	 <u>28,579</u>	 <u>100.00</u>

Industry Group

These are the standard industrial classifications and provide an overview of experience by industry.

Description	Number	Percent	Employment (thousands)*
Agriculture	1,878	6.6	32.2
Mining	964	3.4	6.1
Construction	3,262	11.4	8.1
Manufacturing	4,442	15.6	Not Available
Transportation and public utilities	2,028	7.1	16.7
Wholesale trade	1,797	6.3	15.2
Retail trade	4,951	17.3	54.2
Finance, insurance, real estate	270	.9	12.8
Services	6,580	23.0	58.1
Public administration	2,040	7.1	63.6
Not classified	<u>367</u>	<u>1.3</u>	
TOTAL	<u>28,579</u>	<u>100.0</u>	

*Montana Employment, Wages and Contributions, First Quarter 1986

Work Injuries by Age and Sex

This table compares the work injuries for fiscal year 1986 by age group and sex. The median age of both injured male and female workers was in the 30-34 year age group.

Age Group	Male	Female	Both
Below 15	16	5	21
15-19	1,017	452	1,469
20-24	3,299	1,071	4,370
25-29	4,074	1,186	5,260
30-34	3,426	1,054	4,480
35-39	2,565	824	3,389
40-44	1,677	620	2,297
45-49	1,256	571	1,827
50-54	979	439	1,418
55-59	865	398	1,263
60-64	501	217	718
65-69	114	44	158
70-74	41	26	67
Over 75	11	7	18
Not classified	<u>1,434</u>	<u>390</u>	<u>1,824</u>
TOTAL	<u>21,275</u>	<u>7,304</u>	<u>28,579</u>

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